

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INDUSTRIAL POWER AGREEMENT)	
FILING BETWEEN SHELBY RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	CASE NO. 90-407
AND THE BEKAERT CORPORATION)	

O R D E R

On March 14, 1991, the Commission denied approval of an Industrial Power Agreement ("Agreement") between Shelby Rural Electric Cooperative Corporation ("Shelby") and the Bekaert Corporation ("Bekaert"). The Commission found that the Agreement did not adequately provide for reimbursement to East Kentucky Power Cooperative, Inc. ("East Kentucky"), Shelby's wholesale power supplier, for its investment in substation and transmission facilities specifically constructed to serve Bekaert. The Commission indicated approval would be granted when the Agreement was modified to include a financial guarantee from Bekaert for reimbursement to East Kentucky.

Shelby requested rehearing on the grounds that the new substation was not necessitated by Bekaert but is needed to serve the anticipated load growth of existing customers. On April 22, 1991, the Commission granted rehearing and ordered Shelby to file additional information on the need for a new substation.

The information filed by Shelby shows that during the winter of 1990-1991 its existing Logan substation experienced a peak

demand of 13,847 KW, of which Bekaert's demand was 1,525 KW. Shelby's projected 1991-1992 winter demand for the area served by the Logan substation and the new substation is 18,591 KW of which Bekaert's demand is 3,400 KW. Assuming an even distribution of demand between the two substations of approximately 9,300 KW each, Bekaert's load of 3,400 KW would be only 36.5 percent of the total demand on the new substation. Apart from the Bekaert load, Shelby's demand in this area is projected to grow by 2,869 KW.

On May 10, 1991, Bekaert filed a motion to intervene claiming that the new substation is needed by Shelby even without the Bekaert load. Bekaert also contends that, as but one of several customers to be served from the new substation, it is being treated in a discriminatory manner if the requirement of a financial guarantee is not imposed on other users of the substation.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that a new substation is needed to serve the additional load growth on the Logan substation without consideration of the Bekaert load. Accordingly, East Kentucky's construction of a substation and transmission facilities was not undertaken specifically to serve Bekaert but, rather, to serve Bekaert as well as several other customers on Shelby's system.

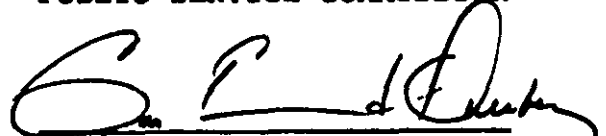
IT IS THEREFORE ORDERED that:

1. Shelby's Agreement with Bekaert be and it hereby is approved as filed.


2. The March 14, 1991 Order be and it hereby is modified to delete the requirement that Bekaert provide a financial guarantee to East Kentucky.

Done at Frankfort, Kentucky, this 13th day of June, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director